

## Can You Keep Your House and Mortgage by Refinancing After Bankruptcy?

Bankruptcy while owning a home can be a tricky matter. Of course, bankruptcy doesn't necessarily mean that you are going to lose your home, but you may have to work out a special situation depending on where you are with paying off the mortgage and the total amount of your debts. Please keep in mind that specific rules regarding this issue are different in each province of Canada; this is just a general overview of what you can expect concerning mortgage refinancing after bankruptcy.

Two of the biggest reasons for bankruptcy is an unexpected job loss or severe illness. When a company shuts down or decides to downsize and offers no severance pay, that can leave people in very bad situations when it comes to their finances. This can happen to anyone, even people with jobs that pay well. The reason being here, because people are often inclined to overextend themselves. They overextend when repayments of new debts appear to be far off into the happy and perfect future that we all envision ourselves in.

A word of caution here, if you are currently able to put away some amount of savings, don't forward spend your next raise, or be delusional about the amount of money you will be making in the future. Always be prudent when it comes to your cash pile because you never know when it will dwindle unexpectedly.

### How Do I Keep My Home After Bankruptcy?

Let's say something not too great happened; you lost your job with no notice and no severance pay due to your company filing for bankruptcy. You own a home and are wondering what will happen to it after filing. There are three basic ways this could go.

1. You have not lived in the home long and have very little equity in the house. In this case, not much will change as far as your home and mortgage payments go. You may, however, have a hard time negotiating a lower rate or lower payments with your lender due to filing for bankruptcy, but banks ultimately want to see you stay in your home and may work out something affordable for you.
2. You have a good amount of equity in the home, and your bankruptcy trustee seizes your home. Here, you should have the choice to borrow money from an institution or privately to repurchase the equity from your trustee. Or, you can opt out of buying back your equity and allow the home to go up for sale.
3. You can opt to sell the home no matter where you are as far as equity before you file or in the early stages of filing and the homeownership piece will be out of the picture entirely.

Mortgage refinancing after bankruptcy would happen in the case that you decide to purchase the seized equity back from the trustee. Mortgage refinancing after bankruptcy could also help you to pay off some of your reduced debt balances.

If you have equity in your home and want to stay there. Refinancing after filing for bankruptcy could be your best bet to paying off your debt and remaining in the house.

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